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In re application of: Dutta	§ Group Art Unit: 3621 § Confirmation No.: 5240 § Examiner: Hewitt II, Calvin L.
Serial No.: 09/726,272	§ § Attorney Docket No. AUS920000650US1
	§
Filed: November 30, 2000	§
	§ IBM Corporation
Title: System and Method for Third Party Logging Server	§ Intellectual Property Law Dept. § 11400 Burnet Road § Austin, Texas 78758 §
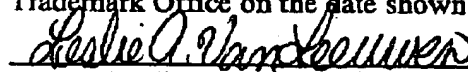
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Leslie A. Van Leeuwen   4/27/05
Leslie A. Van Leeuwen   Date

APPELLANT'S REPLY BRIEF (37 CFR § 41.41)

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Sir:

A. INTRODUCTORY COMMENTS

This Reply Brief is filed in response to the Examiner's Answer, mailed March 11, 2005. No fees are believed to be necessary. If, however, any fees are due, the undersigned hereby authorizes the Commissioner to charge said fees to IBM Corporation Deposit Account No. 09-0447.

For the full discussion of Appellant's claims and arguments in support of said claims, the Board is directed to Appellant's Appeal Brief, mailed December 13, 2004. Appellant's Reply

Brief will reply to selected portions of the Examiner's Answer, mailed March 11, 2005. Appellant will not address every statement made by the Examiner in the Examiner's Answer, but will focus on those statements that are most pertinent. If Appellant does not respond to a particular statement or statements made by the Examiner in the Examiner's Answer, it does not mean that Appellant is conceding that point, but rather, that Appellant feels the point has been fully argued in Appellant's Appeal Brief, and, in the interest of brevity, Appellant chooses to respond to selected points in this Reply Brief.

B. REPLY TO EXAMINER'S ANSWER

The Examiner states that Appellant's Appeal Brief, mailed December 13, 2004, does not contain a statement identifying the related appeals and interferences which will directly affect or be directly affected by or have a bearing on the Board's decision in this Appeal. Appellant respectfully draws the Examiner's attention to section C of Appellant's Appeal Brief, page 2, lines 8-12, entitled "RELATED APPEALS AND INTERFERENCES."

Group I - Claims 37, 47, 49, 59, 61 and 71

As an initial matter, Appellant would like to address a statement made on page 3, lines 15-17, of the Examiner's Answer, where the Examiner states that "[i]t is important to note, however, that claim 37 does not recite transmitting data over a computer network." Appellant could not disagree more with this statement, and is at a loss to understand how the Examiner could possibly make this assertion. Claim 37 most certainly does recite transmitting data over a computer network. The first element of claim 37 specifically claims "obtaining, at a third party logging *server*, a plurality of digital works *from a plurality of provider computer systems*." One skilled in the art would understand that in order to obtain works at a server, from a plurality of provider computer systems, the works would have to be transmitted over a network. The use of a computer network is even more apparent in the third element of claim 37, which claims "receiving, at the third party logging server, a product sale request from a merchant computer system, wherein the product sale request is received *over a computer network*." The use of a computer network is specifically recited in this claim element. The use of a computer network is also specifically recited in the fourth element of claim 37, which claims "*transmitting*, from the third party logging server *through the computer network* to the merchant computer system, *one*

or more of the digital works, wherein the merchant computer system is adapted to provide the transmitted digital works to one or more customer computer systems." As claimed in this element, *digital works are transmitted* from a logging server to a merchant computer system, *through a computer network.* Appellant does not know how to make it any clearer that a computer network is indeed used to transmit data in claim 37. Also, note that the merchant computer system is adapted to provide digital works to one or more customer computer systems. Again, one skilled in the art would understand that in order to provide works from a merchant computer system to a customer computer system, the works would have to be transmitted over a network. Based on the abundantly clear language of claim 37, Appellant respectfully requests that the Examiner withdraw his statement that claim 37 does not recite transmitting data over a computer network.

As fully discussed in Appellant's Appeal Brief, a key aspect of Appellant's claimed invention is that the digital works are *received by the third party logging server* from providers, *stored on a nonvolatile storage device accessible from the third party logging server,* and *transmitted by the third party logging server to merchants* that, in turn, send the digital works to customers. In contrast, Pettitt and Robinson simply do not teach or suggest performing these activities. Instead, the process taught by Pettitt does not even begin until the customer already has a copy of the software. Pettitt states, "Referring to both FIGS. 2 and 4, the process begins once the user 18 obtains a copy of the digital software container..." (Pettitt, col. 4, lines 8-10). However, on page 4 of the Examiner's Answer, the Examiner once again states that Pettit teaches that an "interaction between the Author (provider), Distributor (third-party) and Reseller (merchant) also occurs prior to a user obtaining content" (see Examiner's Answer, page 4, lines 5-7). This is simply not the case, and is not supported by a careful reading of Pettit. The whole point of Pettitt is to allow a user to unlock, i.e. use, software that he has *already* obtained. The "distribution" disclosed by Pettitt includes a "means for receiving a request from the user *to use* the software" (Pettitt, col. 2, lines 12-13). This request is satisfied by a license clearing house sending an authentication certificate and a master key to the user (Pettitt, col. 2, lines 19-24). In Pettitt, it is not important to determine from where or whom the user obtains the software. Pettitt teaches that either the author, distributor, or reseller provides the software to the user (Pettitt, col. 3, lines 37-48 and lines 57-67). Pettitt is concerned with what happens *after the user obtains the*

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software, i.e. the user being able to unlock and actually use the software that he has already obtained.

On pages 11 and 12 of the Examiner's Answer, the Examiner makes several points regarding Appellant's arguments with regard to claim 37. The Examiner states that Appellant "incorrectly characterizes the storage as belonging to the third party logging server" (see Examiner's Answer, page 11, lines 16-18). Appellant claims that the third party logging server stores received digital works on a nonvolatile storage device that is "*accessible* from the third party logging server." When Appellant stated in the Appeal Brief that the works were stored on the third party logging server's nonvolatile storage device, Appellant was simply using a shorthand means of referring to the nonvolatile storage device *accessible from* the third party logging server, and was not trying to mischaracterize anything. The Examiner also states that Appellant's claims are not limited to activities that happen before a customer receives a digital work. Appellants would like to point out that claim 37 is clear on its face, and, in claim 37, the interaction between Appellant's claimed third party logging server and merchant computers clearly takes place before a customer receives a copy of a digital work. For example, claim 37 claims transmitting, from the third party logging server through the computer network to the merchant computer system, one or more of the digital works, wherein the merchant computer system is adapted to provide *the transmitted digital works* to one or more customer computer systems." While the Examiner may not like Appellant's use of the words "adapted to" in claim 37, it is clear that the digital works are transmitted from the third party logging server to the merchant computer system, and then those transmitted digital works are sent on to one or more customer computer systems. The digital works must necessarily be transmitted first from the third party logging server to the merchant computer system before those transmitted works can be provided to a customer computer system.

Appellant will not repeat the arguments made in Appellant's Appeal Brief with regard to claim 37, but would like to briefly point out that Pettitt and Robinson simply do not teach or suggest the claimed elements of independent claim 37. In particular, Pettitt does not teach or suggest the following elements of independent claim 37:

- obtaining, *at a third party logging server*, a plurality of digital works from a plurality of provider computer systems;

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- storing the received digital works on a nonvolatile storage device *accessible from the third party logging server*;

- receiving, *at the third party logging server,* a product sale request from a merchant computer system, wherein the product sale request is received over a computer network;

- transmitting, *from the third party logging server* through the computer network to the merchant computer system, *one or more of the digital works*, wherein the merchant computer system is adapted to provide the transmitted digital works to one or more customer computer systems; and

- recording, *at the third party logging server,* a sales record corresponding to the product sale request.

Even assuming, for the sake of argument, that Pettitt's license clearing house is somehow analogous to Appellant's third party logging server, the license clearing house disclosed by Pettitt does not teach or suggest all the elements in independent claims 37, 49, and 61. At a minimum, Pettitt's license clearing house does not obtain or store digital works. Pettitt's license clearing house receives an "authorization request" from a user in order for the user to "unlock" software that the user has already obtained (Pettitt, col. 4, lines 8-13). Pettitt's license clearing house does not receive a "product sales request" as taught and claimed by Appellant. Further, Pettitt's license clearing house does not transmit the actual product. As previously discussed, Pettitt's license clearing house transmits an authentication certificate and a master key, not an actual software product (i.e. digital work), to the user. Finally, Pettitt does not teach or suggest recording a digital sales record, as taught and claimed by Appellant.

The Examiner asserts that Robinson teaches "a system for purchasing goods and services of a computer network comprising a merchant server for generating and storing digital sales receipts." (see Examiner's Answer, page 15, lines 2-5). As discussed in Appellant's Appeal Brief, Appellant asserts that the Examiner's reliance on Robinson is misplaced. Robinson teaches digital receipts between a customer and a merchant computer (Robinson, col. 2, lines 32-41). Appellant, on the other hand, claims recording at the third party logging server a transaction between the third party logging server and a merchant. Appellant does not claim using digitally signed receipts evidencing a transaction between a merchant and the customer. Moreover,

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neither Pettitt nor Robinson teach or suggest recording or keeping track of transactions between a distributing computer system, such as Appellant's third party logging server, and a merchant computer system. The Examiner admits that Pettitt is devoid of this teaching and, as described above, Robinson merely teaches a way of providing digital receipts from merchants to customers. Neither Pettitt nor Robinson teaches or suggests keeping track of or recording the number of sales between a distributing computer system and a merchant computer system, where the merchant computer system further provides the products (i.e. digital works, software, etc). to customers.

Group II – Claims 38, 39, 50, 51, 62, and 63

With regard to claim 38, the Examiner states that the claimed agreement is "non-functional descriptive material" (see Examiner's Answer, page 15, lines 14-16). Appellant disagrees with this assertion. The section of the Manual of Patent Examining Procedure that discusses non-functional descriptive material reads as follows (MPEP § 2106(IV)(B)(1)(b), emphasis added):

> Descriptive material that cannot exhibit any functional interrelationship with the way in which computing processes are performed does not constitute a statutory process, machine, manufacture or composition of matter and should be rejected under 35 U.S.C. 101. Thus, Office personnel should consider the claimed invention as a whole to determine whether the necessary functional interrelationship is provided.

> Where certain types of descriptive material, such as music, literature, art, photographs and mere arrangements or compilations of facts or data, are merely stored so as to be read or outputted by a computer without creating any functional interrelationship, either as part of the stored data or as part of the computing processes performed by the computer, then such descriptive material alone does not impart functionality either to the data as so structured, or to the computer. Such "descriptive material" is not a process, machine, manufacture or composition of matter. (Data consists of facts, which become information when they are seen in context and convey meaning to people. Computers process data without any understanding of what that data represents. Computer Dictionary 210 (Microsoft Press, 2d ed. 1994).)

> The policy that precludes the patenting of nonfunctional descriptive material would be easily frustrated if the same descriptive material could be patented when claimed as an article of manufacture. For example, music is commonly sold to

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consumers in the format of a compact disc. In such cases, the known compact disc acts as nothing more than a carrier for nonfunctional descriptive material. The purely nonfunctional descriptive material cannot alone provide the practical application for the manufacture.

Office personnel should be prudent in applying the foregoing guidance. Nonfunctional descriptive material may be claimed in combination with other functional descriptive multi-media material on a computer-readable medium to provide the necessary functional and structural interrelationship to satisfy the requirements of 35 U.S.C. 101. The presence of the claimed nonfunctional descriptive material is not necessarily determinative of nonstatutory subject matter. For example, a computer that recognizes a particular grouping of musical notes read from memory and upon recognizing that particular sequence, causes another defined series of notes to be played, defines a functional interrelationship among that data and the computing processes performed when utilizing that data, and as such is statutory because it implements a statutory process.

Appellant's "claimed invention as a whole" is clearly statutory under 35 U.S.C. § 101. Rejections based on non-statutory descriptive material are typically used to prevent claims for music, literary works, etc. Material that is not patentable, such as a song, can not become patentable merely because it is stored, for example, on a compact disk. However, once a claim is deemed to be statutory, the Examiner can not ignore elements of the claim by asserting that they are "non-functional descriptive material." This is shown by the example given in the MPEP section cited above. Although a sequence of notes is not patentable on its own, a computer program that recognizes a sequence of notes and then causes another sequence of notes to be played, is patentable. Assuming, for the sake of argument, that the "agreement" claimed by Appellant would not be patentable on its own, once the "agreement" becomes an integral part of a statutory claim, it can not be ignored. According to the Manual of Patent Examining Procedure § 2143.03 (emphasis added), "[t]o establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art," (citing *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974)). This section further provides that "[a]ll words in a claim must be considered in judging the patentability of that claim against the prior art," (citing *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970)). Appellant asserts that all the claim limitations, including the limitation that the registration includes "an agreement with the

merchant regarding use of the digital works and payment for receipt of the digital works," must be considered when determining whether the claims are non-obvious in view of the prior art.

Furthermore, Appellant firmly believes that the "agreement" claimed by Appellant is *not* non-functional descriptive material, but rather is a necessary part of the functional and structural relationship claimed in claims 38, 50, and 62. As claimed, the "agreement" further defines and modifies what is meant by "registering a merchant." The claimed agreement is part of a functional interrelationship between the "merchant corresponding to the merchant computer system" and "the third party logging server." As argued fully in Appellant's Appeal Brief, the prior art simply does not teach or suggest "registering a merchant corresponding to the merchant computer system with the third party logging server, the registration including an agreement with the merchant regarding use of the digital works and payment for receipt of the digital works, wherein the registration occurs before the receiving, transmitting, and recording," as taught and claimed by Appellant. The Examiner attempts to define "registering" by using a dictionary definition and several citations to the prior art that have to do with recording various types of transaction data (see Examiner's Answer, page 16). However, the "registering" as claimed by Appellant is defined by the claim itself, and includes "an agreement with the merchant regarding use of the digital works and payment for receipt of the digital works." Also, the "registering" that is claimed by Appellant is specifically claimed as occurring "before the receiving, transmitting, and recording."

The Examiner states that "it would have been obvious for two parties to create a contract defining each party's legal responsibility prior to engaging in a commercial transaction" (see Examiner's Answer, page 4, lines 13-15). However, the Examiner cites nothing in support of this statement. Appellant notes that many transactions are conducted over the Internet without any type of prior contract having been created between the parties. None of the prior art, either alone or in combination, teaches or suggests "registering a merchant corresponding to the merchant computer system with the third party logging server, the registration including an agreement with the merchant regarding use of the digital works and payment for receipt of the digital works, wherein the registration occurs before the receiving, transmitting, and recording."

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Group III – Claims 40-42, 52-54, and 64-66

As discussed fully in Appellant's Appeal Brief, Appellant does not disagree that a plug-in is known to those skilled in the art. However, Appellant does not agree that it was known to those skilled in the art, at the time Appellant filed the Application, to send "a plug-in software module for installation on the merchant computer system, the plug-in software module adapted to notify the third party logging server whenever a customer purchases one of the digital works from the merchant computer system," as taught and claimed by Appellant.

Appellant also notes that the Examiner appears to be citing additional prior art (see Examiner's Answer, page 17, lines 15-17), i.e. Holmes et al., U.S. Patent No. 6,119,108 (hereinafter Holmes). As far as Appellant can tell from examining the prosecution record, this is the first time that the Examiner has cited Holmes. Holmes appears to use a plug-in to "provide sensitive user information" (col. 5, lines 25-28). Holmes also discusses the use of the Adobe Acrobat Reader plug-in (col. 6, lines 23-34). However, Holmes does not teach or suggest "sending a plug-in software module for installation on the merchant computer system, the plug-in software module adapted to notify the third party logging server whenever a customer purchases one of the digital works from the merchant computer system," as taught and claimed by Appellant.

Also, as discussed in detail in Appellant's Appeal Brief, none of the cited prior art teaches or suggests "receiving, from the merchant computer system, a notification that *one or more of the digital works has been purchased* from the merchant computer system, wherein the recording of the sales record corresponding to the product sale request is performed in response to receiving the notification." In particular, Pettitt is simply not concerned with the purchase of digital works. Rather, Pettitt is concerned with the unlocking and use of software *after* it has been purchased.

Group IV – Claims 43, 44, 55, 56, 67, and 68

Although Pettitt does mention paying a royalty to an author (Pettitt, col. 3, lines 10-12), Pettitt does not teach or suggest identifying a *royalty rate*, calculating a purchase amount *based on the royalty rate*, or including the purchase amount in the sales record, as taught and claimed by Appellant. As fully discussed in Appellant's Appeal Brief, Pettitt only teaches that the author

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gets paid a royalty, not that a payment amount is *calculated* based upon a royalty rate, nor that the payment amount is *included in a sales record*.

On page 5, lines 1-8 of the Examiner's Answer, the Examiner states, with regard to claim 55, that a "royalty payment" is "just a payment." Appellant notes that the term "royalty payment" is not used in claim 55, and Appellant is unsure what point the Examiner is attempting to make with regard to claim 55.

In general, Appellant disagrees with the assertions made by the Examiner on page 5, lines 1-8, of the Examiner's Answer, where the Examiner attempts to ignore certain words found in Appellant's claims. Appellant reminds the Examiner that "All words in a claim must be considered in judging the patentability of that claim against the prior art," (citing *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970)), (Manual of Patent Examining Procedure § 2143.04, emphasis added).

Group V – Claims 45, 57, and 69

Claim 45 (and similarly claims 57 and 69) adds the limitation of registering a provider with the third party logging server, where the registering includes an agreement regarding use of the digital works and payment therefore. Appellant disagrees that the agreement is non-functional descriptive material, for the same reasons as discussed above with regard to claims 38, 50, and 62. Appellant clearly claims "registering . . . the registration including an agreement with the provider regarding use of the digital works and payment for use of the digital works by merchants, wherein the registration occurs before the obtaining and the storing." The language that the Examiner contends is non-functional descriptive material is, in reality, a necessary part of the functional and structural relationship claimed in claims 45, 57, and 69. As claimed, the "agreement" further defines and modifies what is meant by "registering the provider . . . with the third party logging server." The claimed agreement is part of a functional interrelationship between the "provider corresponding to the provider computer system" and "the third party logging server." As discussed above, according to the Manual of Patent Examining Procedure § 2143.03 (emphasis added), "[t]o establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art," (citing *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974)). This section further provides that "[a]ll words in a claim must be

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considered in judging the patentability of that claim against the prior art," (citing *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970)). Appellant asserts that all the claim limitations, including the limitation that the registration includes "an agreement with the provider regarding use of the digital works and payment for use of the digital works by merchants, wherein the registration occurs before the obtaining and the storing," must be considered when determining whether the claims are non-obvious in view of the prior art.

As discussed fully in Appellant's Appeal Brief, none of the prior art, either alone or in combination teaches or suggests "for each of the provider computer systems, registering a provider corresponding to the provider computer system with the third party logging server, the registration including an agreement with the provider regarding use of the digital works and payment for use of the digital works by merchants, wherein the registration occurs before the obtaining and the storing."

Group VI – Claims 46, 58, and 70

Once again, the Examiner states that key sections of Appellant's claims are "non-functional descriptive material." Appellant disagrees, and references the discussions above with regard to the claims in Group II and Group V. Appellant claims "identifying a set of one or more providers from the plurality of providers from which the digital works sold by the merchant were obtained." As claimed, providers are identified based on the providers from whom "digital works sold by the merchant were obtained." This element further defines which providers are identified, and is part of the functional and structural relationship claimed in claims 46, 58, and 70. The Examiner further notes that the claims from which claim 46, 58, and 70 depend do not recite an actual sale. However, there is no reason that Appellant can not refer to an actual sale in a dependent claim, and Appellant is unclear as to the Examiner's intent in bringing this up at this point.

In addition, as discussed fully in Appellant's Appeal Brief, there is no teaching or suggestion in Pettitt regarding "determining" a royalty amount to be paid, and certainly no teaching or suggestion regarding "preparing a royalty statement" and "electronically sending the royalty statement" along with the funds to the provider. Pettitt merely discusses transferring

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funds from one account to another account, with no regard for how the amount to be transferred is determined. Pettitt simply transfers money, without preparing or sending a royalty statement.

Group VII – Claim 48, 60, and 72

The Examiner does not cite any section of the prior art as teaching or suggesting "receiving, from one or more of the providers a royalty rate corresponding to one or more of the digital works." As discussed fully in Appellant's Appeal Brief, Pettitt does discuss transferring money from a distributor's account to an author's account (see Pettitt, col. 5, lines 29-36), and also mentions a royalty payment made from a distributor to an author (see Pettitt, col. 3, lines 11-12). However, transferring money from one account to another is not the same as "*receiving . . . a royalty rate* corresponding to one or more of the digital works." Further, Pettitt is completely devoid of "*calculating*" an amount due from the merchant based upon the royalty rate of the digital works transmitted to the merchant computer system." Finally, although Pettitt may show *paying* the merchant, there is no indication that the license clearing house in Pettitt is responsible for "*billing* the merchant the amount due."

Conclusion

For the foregoing reasons, Appellant submits that claims 37-72 are patentable over Pettitt in view of Robinson. Accordingly, Appellant respectfully requests that the Examiner's claim rejections be reversed and claims 37-72 be allowed.

Respectfully submitted,

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